

Message Text

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ACTION OES-07

INFO OCT-01 EUR-12 EA-10 ISO-00 SOE-02 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10
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P R 250940Z APR 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 4776
INFO AMEMBASSY VIENNA
AMEMBASSY TOKYO

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TOKYO FOR DOE REP HENNOCH
VIENNA FOR USMISSION IAEA

E. O. 11652: NA
TAGS: ENRG, MNUC, TECH, PARM, RP
SUBJECT: NEGOTIATION OF AGREEMENT FOR PEACEFUL NUCLEAR COO-
PERATION

REFS: A. STATE 093306, B. STATE 060855, C. STATE 062186,
D. SATE 039449, E. MANILA 6124

1. SUMMARY. EMBASSY DELIVERED MODEL AGREEMENT FOR NUCLEAR
COOPERATION TO DFA APRIL 24, 1978. GOP IS ALREADY WELL
BRIEFED ON ISSUES AND NEED TO RENEGOTIATE EXISTING AGREEMENT
DUE TO INITIATIVE OF AMBASSADOR SIAZON, PHILIPPINE ENVOY TO
IAEA. AMBASSADOR SIAZON AND OTHERS PLAN TO VISIT WASHINGTON
MAY 7-10 TO INITIATE DISCUSSIONS OF THE NUCLEAR NON-
PROLIFERATION ACT OF 1978 AND THE MODEL AGREEMENT. END
SUMMARY.

2. ECON COUNSELOR DELIVERED DIPLOMATIC NOTE ENCLOSING
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MODEL AGREEMENT FOR NUCLEAR COOPERATION TO AMBASSADOR
SUAREZ, ASSISTANT SECRETARY OF ECONOMIC AFFAIRS, DEPART-
MENT OF FOREIGN AFFAIRS (DFA) APRIL 24, 1978. NOTE FO-
CUSSED ON RATIONALE FOR NEW AGREEMENT CONTAINED IN
REFTELS.

3. DFA IS ALREADY WELL BRIEFED ON THE NUCLEAR NON-

PROLIFERATION ACT OF 1978 AND THE MODEL AGREEMENT BY PHILIPPINE AMBASSADOR TO THE IAEA DOMINGO L. SIAZON, JR. WHO BROUGHT COPIES OF BOTH DOCUMENTS FROM VIENNA AND HAS ALREADY OBTAINED CLEARANCE FROM PRESIDENT MARCOS TO BEGIN NEGOTIATIONS. THE EMBASSY IS PROMISED A NOTE VERBALE ON THE SUBJECT SOON.

4. EMBASSY HAS BRIEFED PHILIPPINE ATOMIC ENERGY COMMISSIONER LIBRADO IBE AN ANALYSIS OF THE ACT CONTAINED IN REFTELS. HE HAS IN TURN BRIEFED ENERGY SECRETARY VELASCO AND OTHER RELEVANT GOP OFFICIALS.

5. THE INITIAL REACTION FROM AMBASSADOR SIAZON IS THAT THE GOP WILL ACCEDE TO ALL THE CONDITIONS OF THE MODEL AGREEMENT, BUT PROBABLY ONLY UNDER DURESS. DR. IBE SAYS THE PHILIPPINES WILL WANT TO EXACT A PRICE, AND THAT PRICE WILL BE IMMEDIATE ASSURANCE OF SUPPLY FOR THE FIRST LOAD OF FUEL FOR ITS POWER REACTOR BEING BUILT BY WESTINGHOUSE, PLUS A LONG TERM COMMITMENT FROM THE U.S. TO MEET PHILIPPINE NUCLEAR FUEL NEEDS (SEE REFTEL E FOR PREVIOUS COMMENTS ON THIS ISSUE). WE CONCLUDE AMB. SIAZON DOES NOT AGREE WITH DR. IBE THAT SUCH A COMMITMENT IS POSSIBLE. RATHER, HE EXPECTS A U.S. SUPPORTED EMERGENCY FUEL STOCKPILE TO RESULT FROM THIS EXERCISE.

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6. ONE SERIOUS CONCERN SHARED BY BOTH MEN IS THAT ARTICLE 6 OF THE MODEL AGREEMENT INFRINGES ON PHILIPPINE SOVEREIGNTY. IT REQUIRES PRIOR UNITED STATES AGREEMENT TO REPROCESS ANY SPENT NUCLEAR MATERIAL PRODUCED THROUGH THE USE OF U.S. EQUIPMENT, REGARDLESS OF THE ORIGINAL SOURCE OF THE NUCLEAR FUEL.

7. ACCORDING TO AMBASSADOR SIAZON, HE IS GOING TO WASHINGTON, D.C. MAY 7-10 TO DISCUSS THE ACT AND BEGIN RENEGOTIATION OF THE BILATERAL NUCLEAR COOPERATION AGREEMENT. DR. IBE AND DR. IBARRA, NUCLEAR FUELS SPECIALIST OF THE NATIONAL POWER CORPORATION, WILL ACCOMPANY SIAZON.

8. THE PHILIPPINE EMBASSY IN WASHINGTON IS ARRANGING THE VISIT. THE GROUP HOPES TO HOLD DISCUSSIONS WITH THE FOLLOWING PEOPLE: FROM STATE - GERALD SMITH, LOUIS NOSENZO, JOSEPH NYE, AND RONALD BETTAUER; FROM DEPT. OF ENERGY - PETER BRUSH AND NELSON SERVERING; FROM NRC - CARL STOILES AND JAMES SHEA. SECRETARY OF ENERGY VELASCO PLANS TO BE IN WASHINGTON MAY 9-12 AND WILL ASK FOR AN APPOINTMENT WITH SECRETARY JAMES

SCHLESINGER, ACCORDING TO SIAZON.

9. COMMENT: IT APPEARS GOP IS PREPARED TO MOVE ON
RENEGOTIATION OF NUCLEAR COOPERATION AGREEMENT FASTER
THAN USG MIGHT HAVE EXPECTED. THE US/RP AGREEMENT
CANNOT BE CHARACTERIZED AS ONE OF THE MAJOR BILATERAL
NEGOTIATIONS IN THIS EXERCISE. HOWEVER, INDICATIONS
ARE THAT GOP MAY BE PREPARED TO AGREE TO U.S. REQUIRE-
MENTS FOR COOPERATION BECAUSE OF SHARED NON-PROLIFERATION
PERCEPTIONS AS WELL AS THE DESIRE FOR U.S. SUPPLIES.
(THE EXPORT LICENSE FOR THE WESTINGHOUSE NUCLEAR REACTOR
IS CURRENTLY UNDER CONSIDERATION IN WASHINGTON.) FOR
THESE REASONS, AS WELL AS FACT AMBASSADOR SIAZON IS LDC
LEADER IN INFCE, USG MAY WISH TO CONSIDER PRECEDENTIAL
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EFFECT OF THE US/RP AGREEMENT IN DECIDING HOW TO
RESPOND TO GOP INITIATIVE TO GET NEGOTIATIONS STARTED
SOONER RATHER THAN LATER. END COMMENT.
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